

## Message Text

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12

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02

CCO-00 OTPE-00 FCC-01 OC-05 BIB-01 TRSE-00 STR-04

OMB-01 /054 W

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R 180900Z AUG 75

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 40

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E.O. 11652: N/A

TAGS: ELAB, BGEN, GR

SUBJECT: REVISION OF ITT AND OTHER CONTRACTS

REF: ATHENS 3795 AND 3713

1. ATHENS PRESS OF AUGUST 9 REPORTED STATEMENT PREVIOUS DAY BY HELLENIC TELECOMMUNICATIONS ORGANIZATION (OTE) GOVERNOR PETROPOULEAS THAT FIFTEEN OTE CONTRACTS WITH FOREIGN FIRMS ARE DUE FOR REVISION, INCLUDING ITT. REVISION ALREADY COMPLETED ON SIEMENS TELECOMMUNICATIONS EQUIPMENT SUPPLY CONTRACT. PETROPOULEAS ALSO REPORTED PLANS FOR CREATION OF SEPARATE OTE-OWNED TELECOMMUNICATIONS EQUIPMENT MANUFACTURING PLANT AND REFERRED TO PENDING NEGOTIATIONS FOR NEW TELECOMMUNICATIONS EQUIPMENT SUPPLY CONTRACT WITH EAST GERMANY VALUED AT \$25 MILLION.

2. ITT HELLAS MANAGING DIRECTOR TERRENCE CALLAGHAN INFORMED EMBOFF AUTUST 13 THAT AGREEMENT WAS REACHED WITH OTE BOARD ON NEW ITT CONTRACT, WHICH WILL BE RELEASED FOLLOWING SIGNATURE BY MINISTERS OF COORDINATION AND COMMUNICATIONS, EXPECTED DURING NEXT WEEK. PACKAGE WILL INCLUDE TERMINATION OF UNPROFITABLE ITT CONTRACT TO PUBLISH LOCAL TELEPHONE BOOKS,  
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ITT FINANCING AT LONDON INTERBANK PLUS 1 PCT OF \$15 MILLION TO

PURCHASE ITT EQUIPMENT AND ORDERS FROM OTE FOR ITT TELECOM-  
MUNICATIONS EQUIPMENT AND TELEPHONE SETS THROUGH MID-1978.  
OTE WILL ALSO EMPLOY 440 EMPLOYEES TERMINATED AT ITT PUBLISHING  
PLANT.

3. ACCORDING TO CALLAGHAN, OTE PURCHASE OF LOW COST TELECOM-  
MUNICATIONS EQUIPMENT FROM EAST GERMANY NOT YET FINALIZED AND  
IS SUBJECT OF DEBATE BETWEEN COORDINATION MINISTER PAPALIGOURAS  
AND DEPUTY MINISTER BOUTOS. FORMER REPORTEDLY FAVORS DEVELOP-  
MENT OF LOCAL INDUSTRY THROUGH TRAINING AT EXISTING ITT,  
SIEMENS, AND PHILLIPS PLANTS, WHILE BOUTOS TAKES RIGID COST  
APPROACH, WHICH WOULD FAVOR EAST GERMAN PURCHASE. CALLAGHAN  
ALSO DESCRIBED PLANS TO ESTABLISH SEPARATE OTE MANUFACTURING  
PLANT AS "UNREALISTIC" HE BELIEVES THAT OTE MAY EVENTUALLY  
HOPE TO PRODUCE A STANDARDIZED TELECOMMUNICATIONS SYSTEM IN ITS  
OWN ASSEMBLY PLANT UNDER CROSS-LICENSING ARRANGMENTS WITH THE  
FOREIGN COMPANIES FOR PARTICULAR COMPONENTS.

4. COMMENT: EMBASSY BELIEVES SIGNATURE OF NEW ITT AGREEMENT  
ALONG LINES ABOVE IS LIKELY TO DEFUSE PROBLEMS WHICH  
HAVE RECENTLY PLAGUED LOCAL ITT OPERATIONS (REFTELS),  
ALTHOUGH DISMISSAL OF PUBLISHING PLANT EMPLOYEES MAY CAUSE  
SOME REPERCUSSIONS. CALLAGHAN REPORTS THAT OPERATIONS ARE  
NORMAL AT TELECOMMUNICATIONS POANT FOLLOWING EARLIER LABOR  
UNREST AND RECENT WAGE INCREASES OF APPROX. 40 PERCENT.  
FURTHER DISRUPTIONS CANNOT BE RULED OUT, HOWEVER, BY  
EXTREMISTS AMONG 650 MAN WORK FORCE.  
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## Message Attributes

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**TAGS:** ELAB, BGEN, GR, US, ITT  
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